Research Paper | Political Science | E-ISSN No : 2454-9916 | Volume : 10 | Issue : 4 | April 2024

WELFARE AND RURAL WELL-BEING IN POST MAO CHINA (1978-88): A DEBATE

Rajendra Dayal
Associate Professor, Aryabhatta College, University of Delhi, New Delhi

ABSTRACT

During the first decade of reform (1978-88) there was an impressive economic growth, change in the output growth pattern, shift in the structure of employment , and rise in the income and consumption level of the peasants. The number of those in absolute poverty declined significantly, though rural income inequality , both regionally and intra regionally, even at the village level increased significantly. In this context the question arises: did the growth of income and output per head due to economic reforms accompany a similarly improved performance with regard to non -income indicators of well -being? Based on available literature on rural reforms in post Mao China, this paper examines the debate on the above question. This question assumes importance because China in the pre-reform period had brought remarkable improvements in living conditions including the expansion of life expectancy, reduction infant mortality and illiteracy even with the slow and low growth in per capita income. From the Nolan and Sen it emerges that while policy and institutional changes meant for raising economic growth as well as per capita income were remarkably successful, the same instruments, however, undermined the public provisioning of social goods and services and affected the length and quality of' life of peasants in poorer households for whom market medicated access to health services were proving increasingly difficult. But while the pre-reform Maoist period, had strong egalitarian distributive mechanism in place, the welfare standards and quality of services were too low.

KEYWORDS: Rural Income, Consumption, Poverty, Death Rates, Health Care Services, Entitlement

INTRODUCTION

China embarked on a course of reform after the Third Plenum of the Eleventh Central Committee of the Chinese Communist Party in December 1978, under the leadership of Deng Xiaoping. During the first decade of reform (1978-88) there was an impressive economic growth, change in the output growth pattern, shift in the structure of employment , and rise in the income and consumption level of the peasants. The number of those in absolute poverty declined significantly, though rural income inequality , both regionally and intra regionally, even at the village level increased significantly. In this context the question arises: did the growth of income and output per head due to economic reforms accompany a similarly improved performance with regard to non -income indicators of well -being? Based on available literature on rural reforms in post Mao China, this paper examines the debate on the above question. This question assumes importance because China in the pre-reform period had brought remarkable improvements in living conditions including the expansion of life expectancy, reduction infant mortality and illiteracy even with the slow and low growth in per capita income. The discussion, however, will be restricted to only a few of indicators such as mortality death rates and life expectancy, reduction in the number of people under absolute poverty , and access to rural health care services. In the discussion, the paper will also compare the situation of well- being of peasants before the reforms and after the Third Plenum in December 1978 in the first decade of Deng's leadership.

Growth in output, employment , and reduction in absolute poverty

After 1976, and more particularly 1978 a remarkable change took place in the output growth pattern. While industrial growth rate did not alter much, transport, commerce ,constructions etc., posted a sharp growth. Breaking from the past, light industry got favoured over heavy industry. The growth in agricultural sector too was remarkable. From an average annual growth rate of 2.1% during 1952-75 it had shot up to 5.3% during 1977-89 (State Statistical Bureau, 1990). The growth in the non-agricultural sector- industry, construction, transport, commerce- was even spectacular. The share of non-agricultural sector in 'the total rural output (Gross value at current rate) increased from 31% in 1978 to 53% in 1988' (State Statistical Bureau, 1990, p. 49).

Along with the change in the structure of output, there were noticeable shifts in the pattern of employment. There was rapid employment growth in small scale non-farm sector. It was partly because of reductions in restrictions on labour mobility, capital markets, and improvements in the 'efficiency of new farm institutions'. Between 1978 and 1989 , the number of employed in the collective sector of cities increased from 20 million to 35 million as per Chinese Statistical Yearbook (Nolan & Sender, 1992) . In 'rural 'township' enterprises, employment growth shot up 'from 28 million in 1978 to 94 million in 1989' and 'in rural industry alone', the number of employed 'increased from 17 million to 56 million' in the same period as per data from

Chinese Statistical yearbook (Nolan & Sender, 1992).
The above changes in growth in output and employment translated into significant improvements in average consumption level. As per State Statistical Bureau Statistical Bureau (1990) 'average annual growth rate of real consumption per capita was over three more during 1978-89 than what it was during 1952-78 (Nolan & Sender, 1992).

Another very important development in the reform period was a significant reduction in absolute poverty. The government identified about 11.2 percent of China's rural population or 87.8 million , as poor in late 1970 based on the criterion of annual average per capita distributed income of below 50 yuan. At that time 87.8 million were living in poor xian, which were spatially concentrated - Guizhou, for instance, contained 20% of poor xians having 41 percent of the population, and just 5 provinces (Guizhou, Yunan, Hunan, Shangdong, Gansu) contained over 64% poor xian (Zhi, 1987). By 1980s, Nolan and Sender find evidence of significant reduction in rural poverty(Nolan & Sender, 1992). A number of factors related to reforms brought down the poverty level. First, rich and poor areas alike were allowed the benefits of specialization, exchange and attractive work incentives. Second, there were 'spread effects' that made possible households in poor regions to supplement their incomes from remittances from high growth areas, as constraints on labour mobility were eased. In Pear River Delta area, Guangdong province, 60 percent of the three million 'outside workers' coming from poor mountainous xian were remitting their incomes to the their families (Vogel.E., 1989, pp. 266-267). Third, there were 'decisive' state action for helping those in poor areas to come out of poverty. There are accounts from Sen (1981), Walker (1984), Nolan (1988). and many others to show that the needs of grain deficit areas were fulfilled by the grain procurement and distribution system during Maoist period. Although the government abolished the grain procurement system in 1985 , in practice this was only a name change as state's capacity to assist grain deficit areas through compulsory procurement had in fact improved rather than decline during reforms. For poverty alleviation government started many programmes in late 1970s. For assisting poor areas , central government reduced their 'compulsory grain purchase quotas' (Nolan P. , 1983, p. 79).

Second, a policy of tax reduction and exemptions for poor areas was announced by the government in 1979 to the effect that the government had revenue loss from agricultural tax by 18% in 1980 (Nolan P. , 1983, p. 72). Tax reduction programme continued till 1990 (Vogel.E., 1989, p. 270). Third, central government gave funds to poor xian in 1980s. This came through the provinces which received funds from central government to balance their income and expenditure gaps in their budgets. Guizhou received subsidies to the tune of one billion yuan in 1984. These subsides were directed towards poor xian. Underdeveloped areas, especially ethnic minorities areas also received central government funds to the tune of five hundred yuan, with 10% annual rise. (Nolan & Sender, 1992).. Thus, as Nolan and Sender (1992) point out, based on China Statistical year Book, 1987, in 1984 Tibet alone got 777 million yuan as subsidy or 'about 350 yuan per head , at a time when the national average income per head in rural households was 355 yuan'. Finally, central government after 1978 sent many skilled personnels to poor areas so that they help the areas to develop economically (Nolan & Sender, 1992).

These measures above contributed significantly in eliminating poverty, although poverty still remained in certain regions/ areas. Poverty incidence had come down due to unprecedented growth of rural output and specific government policy measures. Nolan and Sender cite improvements in rural household income and consumption in central areas of Gansu and the Xihaige Area of Ningxia Autonomous Region as evidence of the impact of economic growth and government policy on reduction in absolute poverty (Nolan & Sender, 1992).

Welfare impact of economic growth

Nolan and Sender (1992) have argued that the economic growth in China during the reform decade was effective 'in achieving fundamentally important human ends'. Based on official data ,they have argued that 'post-Mao China achieved a widespread decline in death rates, an improvement in life expectancy and a reduction in the number of people living in absolute poverty'. Further, the poorest households too participated and benefited from the rapid growth of output after the reforms. And rural health services improved over what was offered during Maoist period. Amartya Sen , on the other hand, disagreed with the arguments and evidence of Nolan and Sender (1992), as he found that rapid growth of output, and increase in income and consumption in the post -1978 period, notwithstanding, there was a 'disturbing evidence that China was less able after the reforms than before to provide its rural population with the food and health services required for the positive freedom to survive'.

Debating demographics

With reference to the official data Nolan and Sender stated that the reported reduction in death rate around 7/1000 in early 1970s was a remarkable 'achievement for a country at China's level of income' (Nolan & Sender, 1992). For them it was striking that in post Mao China death rate remained well under 7/1000 which was below the level achieved in late Mao's period, except for one year (1983). See table below, which is drawn from Sen (1992, p. 1307).

China's death rates (number per 1000)

	All China		Rural	
Year	Number per thousand	Index 1979 base	Number per thousand	Index 1979 base
1978	6.3	102	6.4	100
1979	6.2	100	6.4	100
1980	6.3	102	6.5	102
1981	6.4	103	6.5	102
1982	6.6	106	7.0	109
1983	7.1	115	7.7	120
1984	6.7	108	6.7	105
1985	6.6	106	6.7	105
1986	6.7	108	6.7	105

1987	6.7	108	-	-
1988	6.6	106	-	-
1989	6.5	105	6.5	105

To be sure, there were fluctuations in the death rate. The 1983 surge was causally related to the peaking of One Child Family campaign in the countryside. Smaller fluctuations after 1978 were related to variation 'in the methods of recording or changes in the age structure of the population' (Nolan & Sender, 1992). What is , however, the most distinctive aspect of the data set for Nolan and Sender was the fact that there was 'no trend increase in death rate' for the Chinese. Across provinces there was reduction in death rate. In fact the poorer states/ provinces were more successful in reducing death rate. Another important and positive trend that they pointed out on the basis of data set of UNICEF (1989/ 1990) was a decline in 'the under five mortality rate from 56/1000 to 43/1000 during 1980-89' (Nolan & Sender, 1992).Further they point out that China's official data too show large reduction in infant mortality rate as infant rural 'mortality rate in 1988 was only half the total infant mortality rate in the Maoist period' (Nolan & Sender, 1992).

Amartya Sen (1992), on the other hand, does not agree with Nolan and Sender. First of all, Sen expressed scepticism towards the official data as not being reliable. We will return to this point later. Second, even on the basis of official data , he drew inferences contrary to what Nolan and Sender had inferred from the data set. The time series data related to death rates is reproduced below from Sen and it will be obvious from the Table I that general mortality after the reform had increased from the 1979 level. From the table it can be seen that 'by 1983 the all China death rate was up by nearly one percent per thousand (15% above the 1979 level) and the rural death rate by considerably more (20% above the 1979 level)' (Sen A. , 1992). Further Sen points out that 'even the later figures, which do show a decline compared with the early post-reform years, indicate a higher death rate in China as a whole, and in rural China than what China had achieved by 1979' (Sen A. , 1992). The death rate for every year in 1980s was higher than in pre-reform China. Further, Sen argues that just in case there is any concern about year to year fluctuation in data, a two -year or three-year moving average can be used to overcome limitation of year to year data fluctuation. Even this- the three-year average show a rise in death rate after reforms. To quote Sen: "It is easily checked that this too confirms a rise following the economic reforms of 1979. For example, three year moving average for the total death rate bottoms out at 6.27 during 1978-80, then rise to 6.80 by 1982-84 and 1983-85 followed by a smaller fall to 6.60 by 1987-89,but remains well above the 1978-80 average" (Sen A. , 1992). Moreover, given the scepticism towards reliability of Chinese data, Sen cautions making conclusion solely from these. He points out that 'an increase in the coverage of mortality statistics may have the effect of raising the reported death rate. It is quite possible that at least some of the apparent increase in mortality rates after 1979 is connected with better coverage of death data'. Sen also points out 'to take note of the changing age composition of the Chinese population when interpreting overall death rates' (Sen A. , 1989). He admits it may be possible that 'the mortality picture may be more favourable than the official data rates suggest' , as Amley Coale and Judith Banister have shown (Sen A. , 1992, p. 1308). The issue for Sen, however, was not if there was a decline in age specific mortality rates or not for it is a truism that they decline almost everywhere with 'standard improvements in medical knowledge and use', 'but the rates at which they fall' (Sen A. , 1992, p. 1308). In the Chinese case, writes Sen, 'the interesting comparison is with the rapid fall in mortality rates in the pre-reform period' (Sen A. , 1992, p. 1308). When the issue is thus posed, the post 1978 phase "achievement" is far from commendable as growths in income and output per head did not accompany 'improved performance in reducing mortality rates (including those of the children), which were falling very rapidly in the pre-reform period' (Sen A. , 1992). Sen therefore concludes, "…while income and output went up unambiguously and sharply after the economic reforms, judged in terms of the freedom to avoid escapable morality , the picture is much muddier" (Sen A. , 1992, p. 1308).

Debate on rural health services

For Sen and Dreze, this slackness demonstrates that 'income expansion alone is not a solid basis of rapid progress', in matters related with quality of life and well- being. In the main, the slackness was due to fact that during the 80's China was much less successful 'in the further development of public services particularly in the rural areas'. For Sen, 'institutional changes in China resulted in' 'a general shortage of public funds for communal health care' (Sen A. , 1989, p. 776).

Nolan and Sender, however , contest the view that public services took a hit in the 1980s , and particularly in poor rural areas. They have argued that 'the capacity of China's village communities to undertake welfare provision on a collective basis did not, contrary to some alarmist reports, collapse after the death of Mao' (Nolan & Sender, 1992). Whereas Sen takes the 'decline in the number of barefoot doctors' as a strong indicator of decline in public health service delivery system (Sen A. , 1989) , Nolan and Sender strongly disagree with such an assessment because to them it was not an ambiguous evidence. Assessing the delivery system is a much more involved exercise that asks for more information than just the reducing figures of the barefoot doctors. Nolan and Sender invite attention to the fact that barefoot doctors , historically speaking were recruited to meet desperate shortage of professionally trained doctors. Now that professionally trained doctors were available, a reduction in their numbers was only logical and therefore it cannot be a reason for the decline in rural public health services. The number of full-time rural professional health personnel increased by 600,000 between 1975 and 1988 (Nolan & Sender, 1992). There was a huge improvement in the availability of full time professionals per 1000 rural population.

Second, they argued that 'the extent and nature of collective rural health provision pre-1978 should not be overestimated' (Nolan & Sender, 1992). Citing Parish and Whyte (1978), they points out that some 10-20 percent villagers had no medical insurance protection, and 'in those villages where collective

insurance did not exist , the system was not based on free supply' (Nolan & Sender, 1992). Further they point out that the Insurance system was based on voluntary contributions and perhaps 'a third of villagers' did not 'join their village insurance scheme' (Nolan & Sender, 1992, p. 1287). Third, they argue that Chinese villages did not loss the capacity to undertake welfare on a collective basis after Mao's death. The general level of " collective retentions", from which welfare expenditures were financed, did fall as a proportion of total rural income, but collective retention per capita in real terms increased by almost 75% during 1980-88 (Nolan & Sender, 1992, p. 1287). This was achieved because rural population declined from 760m to 537 m during 1980-88, and also because of the growing contributions to collective retentions made by the profits of the rapidly expanding village non-farm enterprises and by individual villagers who continued to be obliged to pay taxes to community" (Nolan & Sender, 1992, p. 1287). Moreover, there was a change in the age structure as a result 'the rural dependency ratio' declined from 2.52 dependent s per worker in 1978 to 1.65 in 1989' (Nolan & Sender, 1992). This implied that the age groups needing substantial welfare provisions as a share in the rural population had reduced and therefore there were lesser welfare expenditure on them.

Nolan and Sender also highlight that state funding for health and education surpassed that of the collectives. This was true before and after reforms. Less than fifty percent of the hospital beds in 1978 or in 1989 were in the 'collective' health centre, which implied that the rest of the beds were supplied by the government.

Finally, they point out that the 'proportions of villages without a clinic or health fell-further from 14.6% to 1981 to 12.7% in 1988' (Nolan & Sender, 1992). Nolan and Sender's contention was that by the close of 1980s professional health care had widely spread across China. The numbers of beds and professional help per 10000 persons were more or less the same across rich and poor areas (Nolan & Sender, 1992, p. 1288). There was striking equality of access to health care facilities in any Province. For instance in Hunan province the farmers in the richest xians and those in the poorest xian had access to the same level of health care facilities- the same number of hospital beds and professional personnel per 10000 persons. (Nolan & Sender, 1992, p. 1288).

And finally Nolan and Sender argued that above all else the fact that the average rural household incomes had increased significantly and it was also fairly well -distributed in the post-Mao phase, meant that most people now had the capacity to pay for health care and benefit (Nolan & Sender, 1992).

In response, Sen, admitted that the actual increase 'in the general availability of health provisions per head, such as hospital beds and health personnel' were 'certainly relevant factors in making an overall judgement, but there was still a distinction between availability and entitlement' that need be kept in mind , 'much like the one that turns out to be central to understanding famines and hunger' (Sen A. , 1992). To be sure , demand for good quality health services by those who can pay tends to grow with increasing economic prosperity and there could also be supply of such health care facilities, but the real question before Sen was the issue of affordability of health care by those who were uninsured rural poor (Sen, 1992, pp. 1309-10). In the pre-reform period , Sen points out that the health delivery system was characterised by provision of low cost medicine on a widespread basis on communal account, but 'with the privatisation of agriculture, the availability of communal funds for health care became more problematic and the coverage of rural health insurance went rapidly down' (Nolan & Sender, 1992). Sen cites Davis to show the significant shrinkage of coverage from 89% in the late 1970s to 10% by 1987 (Davis, 1989). This shrinkage happened because ,unlike the pre-reform commune system where the 'collective had the first claim on the products of economic activity after de-collectivisation local public services had now to be financed by taxing private income. This eroded the financial basis of local public services in some areas, particularly those which experienced relatively slow economic growth' (Sen A. , 1992).

Since the advantage of cooperative medical services and communal insurance, writes Sen (1992), was 'their ability to cover more vulnerable people, guaranteeing entitlement of some basic health care and medical attention', the increasing privatization of health services, the weakening of the financial base of communal health provisions and the rapid shrinkage in the coverage of rural health insurance were disturbing trends. Sen (1992, p. 1310) further, cites the study by Knight and Song (Knight, 1991) to show that the undermining of collective insurance could as well affect mortality rates.

The issue for Sen was not so much the average availability of health facilities (beds & personnel) per capita but 'entitlement'. In this context the evidence were uncomforting as one 'Ministry of Health Survey in 1988, reported that 20% of rural households were unable to seek health care when they were ill and 16% reported that members of their household failed to receive needed in-patient medical care because they could not afford the cost' (Sen A. , 1992, p. 1310). Further, on the question of entitlement Sen draws on Henderson (1990), to point out the withering of many cooperative insurance programmes during the 1980s, as insurance coverage come 'down from 68.8% of the villages in 1980 to 5.4% in 1985', and though it increased somewhat but it was still low at '10% in 1987' (Sen A. , 1992). Then, the charges for medical care between 1980-85 had also increased, nearly doubled , making 'the issue of entitlement and access a far from trivial one, even with an expansion of average availability per capita' (Sen A. , 1992, p. 1310).
And on top of this, state's commitment to widespread and equitable provision of public services was on the wane. In clear indication of this was the extension of the 'enterprise responsibility' model of public sector management to social services leading to widespread introduction of user fee as a means of ensuring cost recovery.

CONCLUDING OBSERVATION

Thus, it may be seen from the above discussion that from within the perspective of entitlement and capability that Sen advocates , which is central to well-being and freedom, the

period 1978-88 was not really an improvement over the pre-reform achievements in meeting fundamental humanitarian needs. Perhaps, there was a relative worsening of the situation if the official statistics on death rates are to be taken seriously. The point is that while policy and institutional changes meant for raising economic growth as well as per capita income were remarkably successful, the same instruments, however, undermined the public provisioning of social goods and services and affected the length and quality of' life of peasants in poorer households for whom market medicated access to health services were proving increasingly difficult. But while the pre-reform Maoist period, had strong egalitarian distributive mechanism in place, the welfare standards and quality of services were too low. A combined agencies of the state , community and market were needed to address the welfare concerns and well being the of rural populace. Each of the three agencies could have a legitimate and complementary role of perform as China transitioned from Maoist command planning towards market socialism.

REFERENCES

1. Davis, D. (1989, September). Chinese social welfare: Policies and outcomes. China Qiaterly, 119.
2. Henderson, G. (1990). Increased Inequality in health care. In D. a. Vogel, Chinese Society on the Eve of Tiananmen. Cambridge: harvard University Press.
3. Knight, J. a. (1991). The length of life and the standard of living: Economic influence on premature death in China (Mimeo}. Oxford: Institute of Economics and Statistics.
4. Nolan, P. (1983). Growth Processes and Distributional Change in a South Chinese Province: The Case of Guangdong. London: Contemporary China Institute.
5. Nolan, P. (1988). The Political Economy of Collective Farms : An Analysis of China's Post Mao Rural Reforms. Cambridge: Polity Press.
6. Nolan, P., & Sender, J. (1992). Death Rates, Life Expectancy and China's Economic Reforms: A Critique of A.K Sen. World Development , 1279-1303.
7. Parish, W., & M.K.Whyte. (1978). Village and Family in Contemporary China . Chicago: University of Chicago Press.
8. Rural Research Office. (1989). Some new issues in rural reforms and growth. Problems of Agricultural Economics , 4.
9. Sen, A. (1981). Poverty and Famines. Oxford: Oxford University Press.
10. Sen, A. (1989). Food and Freedom. World Development, 769-781.
11. Sen, A. (1992). Life and death in China : a reply. World Development , 1305-1312.
12. State Statistical Bureau. (1990). Chinese Statistical Yearbook. State Statistical Bureau.
13. UNICEF. (1989/ 1990). The State of the World's Children. New York: Oxford University Press.
14. Vogel.E. (1989). One Step Ahead in China. Cambridge: Harvard University Press.
15. Walker, K. (1984). Food Grain Procurement and Consumption in China . Cambridge: Cambridge University Press.
16. Zhi, J. t. (1987). China rural poverty and income differentials,. Agricultural Economics, 5.